

AMENDMENTS TO THE DRAWINGS

Please replace the first drawing sheet, labeled FIGURE 1, with the appended replacement drawing sheet, which corrects inadvertent typographic errors in the naming of the parties in Boxes 104, 108 and 109 of FIGURE 1.

REMARKS

Claims 1-15 are pending in the application. The Examiner has made the following actions as further described below.

Claim Objections

The Examiner has objected to claims 5, 11 and 15 as being in improper multiple dependent form. In response, Applicant has amended claims 5, 11 and 15 to proper form and added corresponding new claims 16-19.

Claim Rejections

The Examiner has rejected claims 1-4 and 6-15 in the manner discussed below. Applicant respectfully traverses.

Claim Rejections Under 35 U.S.C. § 112

The Examiner has rejected claims 12-15 under 35 U.S.C. § 112, second paragraph, as being indefinite as being assertedly directed towards both an apparatus and method steps. Applicant has amended claims 12-15 to clarify that these claims are directed towards computer assisted methods.

Claim Rejections Under 35 U.S.C. § 101

The Examiner has rejected claims 12-15 under 35 U.S.C. § 112, second paragraph, as being nonstatutory, based on the assertion that the invention is directed to neither a “process” nor a “machine” but rather overlaps two statutory categories. Claims 12-15 have been amended to clarify that they are directed towards a process rather than a machine.

Claim Rejections Under 35 U.S.C. § 103(a)

The Examiner has rejected claims 1-4 and 6-10 under 35 U.S.C. § 103(a) as being unpatentable over Gittins et al. (United States Patent Publication No. 2002/0077867) in view of Horn et al. (United States Patent Publication No. 2001/0037204).

Gittins Disclosure

Gittins describes a claims fulfillment system for aggregating claims fulfillment volume from multiple insurers and reverse auctioning the aggregated claims fulfillment volume to suppliers [Abstract]. Gittins is focused primarily on replacing goods with suppliers, where the suppliers bid on fulfillment of the replacement goods paragraphs [Paragraphs 0018-0019, 0036, 0038], through the form of reverse auctions, and or repair or service damaged or defective goods [Para. 0042]. It is important to note that Gittins does not describe or suggest systems or methods for fulfilling finalized or agreed upon settlements of claims such as insurance claims.

Differences between Gittins and the Present Invention

Aspects of the present invention as are described in, for example, claim 1 and it's associated dependent claims, relate to a method for implementing satisfaction of a settlement

between a claimant and a settling party such as in an insurance claims settlement context. Settlement of the claim is facilitated by a settlement processing entity, based on "agreed to settlement on terms including a monetary amount."

One element of claim 1 relates to the step of a settlement processing entity receiving the settlement terms and their acceptance by the claimant and settling party. The Examiner asserts that Gittins teaches such a step, citing Paragraph [0302]. Applicant respectfully submits that the Examiner misconstrues Gittins in view of this claim element. More specifically, Gittins describes a system that is configured to "automatically coordinate[] activities between the insurer, the suppliers and the claimant so that the claimant is provided with a claimant selected product or service" [Para. 0302] (emphasis added). Contrary to the Examiner's assertion, Paragraph [0302] does not describe receiving settlement terms from a claimant and a settling party, and more specifically does not describe that the settlement is based on terms that include a monetary amount, as is described in claim 1. Moreover, Applicant is unable to find any other description in Gittins related to a system receiving an agreed upon settlement which includes a monetary amount. Rather than describing payment of cash settlements, Gittins, which presumes no settlement has initially been reached, provides a mechanism for reaching settlement based on providing products or services as fulfillment of the claim, *see, e.g.*, [Para. 0297].

Although Gittins briefly describes the possibility of providing a cash payment [Para. 0297], Gittins teaches away from such a cash payment, stating in the introductory section that: "... with a conventional fulfillment phase, claims are often settled in cash (at an equivalent retail value) rather than . . . providing replacement goods. This has the potential to increase fraud . . . and claims leakage." Gittins [Para. 0006]. Consequently, a primary goal of Gittins is to avoid

such fraudulent practices and leakage associated with cash payments - "it is an object of the present invention . . . to reduce claims leakage, reduce fraud, . . . improve the leverage of buyers over suppliers, . . . [and] use a claim as a springboard for selling other products and services." Gittins [Para. 0016]. Further, Gittins states that other means of payment are preferable to cash; "in some cases, claimant 14 could be provided with cash, or preferably an electronic voucher that can be used to purchase goods and/or services from suppliers 16." Gittins [Para. 0297] (emphasis added). Consequently, Gittins teaches that it is undesirable to make settlements in cash, and alternate settlement mechanisms, such as providing replacement products or vouchers, are preferable.

An additional aspect of claim 1 relates to receiving, by the settlement processing entity, a payment of "at least a portion of the monetary amount to be paid to claimant on behalf of the other party." As noted above, Gittins teaches away from payment of a monetary amount to settle a claim, and Applicant is unable to find any description in Gittins of the claimed element of receiving at least a portion of the monetary amount to be paid to claimant in Gittins. Moreover, the Examiner has not identified such a description in Gittins.

An additional aspect of claim 1 relates to the element of performing, if required, "an electronic transfer of settlement funds in an amount such that the total of the voucher redemption value and funds transferred exceeds said monetary amount." Put another way, this element related to providing, as a settlement incentive, a combined settlement value in total that exceeds the monetary value of the agreed upon settlement, with a monetary amount provided as an

electronic fund transfer. With respect to this electronic funds transfer aspect, Applicant is unable to find any description in Gittins of facilitating settlement of the transaction via an electronic funds transfer, and the Examiner has not identified such a description in Gittins.

With regard to the element of providing a combined value exceeding the monetary value by electing to receive settlement in this form, the claimant in effect elects to receive more than the cash value of the settlement alone. Applicant respectfully submits that the Examiner misconstrues the teachings of Gittins in light of this element. More specifically, the Examiner cites Gittins [Para. 0297] as showing such an element. Gittins [Para. 0297] describes:

[0297] In the above embodiments of the present invention, claimant 14 is provided with a product and/or service in fulfillment of a claim. However, in some cases, claimant 14 could be provided with cash, or preferably an electronic voucher that can be used to purchase goods and/or services from suppliers 16. For example, in step 4.5.5 in FIG. 2, claimant 14 has refused the presented options for goods and/or services. Therefore, in this case, claimant 14 might be given an electronic voucher in fulfillment of the claim. The electronic voucher might allow claimant 14 to purchase any goods and/or services from suppliers 16 that are offered. However, in a typical embodiment, claimant 14 would be restricted to purchasing only specific goods or services offered by suppliers 16 and that have some relationship to the type of item that was insured.

In effect, this cited section of Gittins merely states that it is preferable that a voucher be provided rather than a cash payment, and that it is also preferable that the voucher be limited in terms of the goods and services that may be purchased with it. Gittins describes nothing about a combined settlement amount including both cash and a voucher, or specifically where the combined value of the settlement exceeds the agreed upon monetary settlement amount.

An additional aspect of claim 1 relates to the settlement processing entity paying a vendor obligated to redeem a voucher an amount less than the voucher's stated redemption value. The Examiner asserts that Gittins teaches such an element, citing Gittins [Para. 0313], which reads:

[0313] Further, various embodiments of claims fulfillment system 18 can be used to improve additional aspects of claims fulfillment. For example, consider the motor repair industry. A large proportion of the motor repair industry's business comes from fulfilling insurance claims. With conventional fulfillment of insurance claims, insurers typically negotiate deals with either single repair shops (i.e., "suppliers"), or multiple repair consolidators, to control costs. These deals have squeezed the profits of the repair shops, with whom the insurers will insist give a discount if they want any business at all. At the same time the insurers are demanding a higher quality of repair which requires substantial investment by the repair shop in new machinery such as, for example, a paint-drying oven. As an example, after an investment by the repair shop which reduces a three hour process to a one hour process, the insurers' response would typically be to pay the repair shop for just one hour of labor. It is clear that if insurers want to continue to drive discounts in this area they cannot just keep squeezing the repair shops for a reduction in cost.

This paragraph merely states that a settling party (i.e., an insurance company) may pressure a third party supplier (such as an auto body repair shop) to cut costs in order to maintain the settling party's business. Moreover, the last sentence suggests that such a practice is undesirable - "[insurance companies] cannot just keep squeezing the repair shops" to drive down costs. Applicant is unable to determine how this cited section of Gittins relates to the above referenced claim element, particularly since the "settlement processing entity" is different than the "settling entity" (which would be more analogous to the insurance company in the cited section of Gittins).

An additional aspect of claim 1 relates to receiving an executed release by the claimant of the other settling party. The Examiner acknowledges that Gittins fails to teach such an element,

and further cites Horn, United States Patent Publication No. 2001/0037204, stating that "Horn teaches a method comprising a settlement processing entity receiving the settlement terms and their acceptance by the claimant and settling party, including receiving an executed release by claimant of the other settling party (Figure 41)." Horn is further described below.

Horn Disclosure

Horn is directed towards a system for facilitating confidential and secure exchange of offers and demands between parties to a dispute. The system is configured to allow iterations of settlement offers and demands to allow parties to a dispute to explore, and possibly reach, settlement within a range of settlement demands. [Abstract, Para. 0017]. While Horn may provide a mechanism for facilitating settlement negotiations, it is important to note that the teachings of Horn, unlike the present invention, are not directed towards settling and finalizing a previously agreed upon settlement.

Differences Between Horn and the Present Invention

Applicant respectfully submits that Horn, as well as Gittins, fails to teach the element of receipt of an executed release of the settling party. More specifically, Horn, Figure 41, which is cited by the Examiner, merely illustrates a computer screen shot showing that settlement offers submitted by parties involved in a settlement negotiation "are within the parameters deemed acceptable by the parties" [Fig. 41]. The only other information provided in Figure 41 is additional language that states a specific settlement amount, *i.e.*, "The amount of the settlement is \$16,500," and that the parties will be assessed an administrative fee of \$150. Nothing in

Figure 41 describes or illustrates that the settlement entity receives an executed release by claimant of the other settling party. Further, the very limited textual description associated with Figure 41, [Para. 0104], says only that if a settlement has been reached, the parties are notified and a settlement amount is calculated. Applicant further notes that the only other section of Horn describing settlement agreements is Paragraph [0031], which merely states that one or both parties can retrieve and automatically generate a settlement agreement from the system if a settlement has been reached; Horn says nothing about receiving an executed release by claimant of the other settling party as described in claim 1.

Consequently, for at least the above described reasons, Gittins and Horn, taken either alone or in combination, fail to disclose all elements of the present invention as described in claim 1, and therefore the rejection of claim 1 under 35 U.S.C. § 103 is improper. Accordingly, Applicant respectfully requests that the rejection of claim 1 be withdrawn and the claim be allowed.

With respect to claim 2, an additional aspect of the present invention as described in this claim relates to receipt of a payment amount of at least a portion of the monetary amount to be paid to claimant in an amount less than the monetary amount, *i.e.* the settlement processing entity receives a payment in funds from the settling party that is less than the monetary settlement amount. The Examiner asserts that Gittins teaches such an element, citing Paragraph [0291] and stating merely that Gittins “discloses an invention in which a voucher is provided for claim settlement.” Applicant respectfully submits that the Examiner misconstrues this aspect of the

invention. More specifically, claim 2 is directed to receipt by the processing entity of funds representing a portion of the monetary amount from the settling entity. The cited section of Gittins, however, says nothing about receipt of funds from the settling entity or an analogous entity. In addition, as noted previously, Gittins teaches away from any payment in the form of cash or equivalent funds, emphasizing the desire to provide replacement products or vouchers in lieu of cash payments to reduce fraud. *See, e.g.*, Paragraphs [0006, 0016 and 0297]. Moreover, Applicant is unable to find any other section in Gittins or Horn describing that the payment of at least a portion of the monetary amount is in an amount less than the monetary amount. Consequently, for at least these reasons, Gittins and Horn, taken either alone or in combination, fail to describe all elements of claim 2, and therefore the rejection of claim 2 under 35 U.S.C. § 103 is improper. Accordingly, Applicant respectfully requests that the rejection be withdrawn and claim 2 be allowed.

With respect to claim 3, an additional aspect of the present invention as described in this claim is directed towards receipt of a payment amount of at least a portion of the monetary amount in the monetary amount, where thereafter, a portion is returned to the payor by the settlement processing entity. Put another way, claim 3 relates to the settlement entity receiving a payment from a settling entity in the amount of the agreed upon monetary amount, and then, later, the settlement entity returning a portion of the received amount to the payor. The Examiner asserts that Gittins teaches such an aspect, stating merely that Gittins describes "an invention in which an entity (i.e. claim fulfillment system) negotiates discounted prices for goods and services for which vouchers are used," citing [Para. 0291]. Applicant respectfully submits

that the Examiner misconstrues Gittins in light of this claim element. More specifically, Gittins [Para. 0291] states that:

[0291] In some embodiments of the present invention, claims fulfillment system 18 might provide only retail price information to claimant 14, but provide both retail and wholesale price information to insurer 10. However, the present invention is not limited to providing pricing information in this manner.

This paragraph merely states that the claims fulfillment system might provide information to a claimant regarding the retail price of the goods selected in fulfillment of the claim, while providing both retail and wholesale pricing information to the insurer obligated to pay the claim. As is well known in the art, pricing associated with goods may be based on a retail price, for sale to end users/retail customers, and a wholesale price, for sale by manufacturers to retailers. However, contrary to the Examiner's assertion, this section does not describe anything regarding the elements of claim 3, or more specifically the element of a settlement processing entity receiving a payment amount equal to the monetary settlement amount and thereafter returning a portion of that amount to the payor. More specifically, Gittins Paragraph [0291] says nothing about receipt of payments or return of a portion of payments at a later time. It merely states that an insurer may be able to see both the retail and wholesale price of goods offered in settlement of a claim, while the claimant may be able to only see the retail price. Moreover, Applicant is unable to find any other description in Gittins or Horn of such an element. Consequently, for at least these reasons, Gittins and Horn, taken either alone or in combination, fail to describe all elements of claim 3, and therefore the rejection of claim 3 under 35 U.S.C. § 103 is improper. Accordingly, Applicant respectfully requests that the rejection be withdrawn and claim 3 be allowed.

An additional aspect of the present invention as described in claim 4 is directed towards receipt of a payment amount by a settlement processing entity after the settlement processing entity makes any required electronic transfer of funds to the claimant. The Examiner asserts that Gittins teaches such an element, citing Paragraph [0261]. Applicant respectfully submits that the Examiner misconstrues Gittins in light of this claim element. More specifically, Paragraph [0261], along with successive Paragraphs [0262-0264] describe that:

[0261] Step 4.7.3 Insurer 10 issues instruction to their bank for settlement of the electronic bill and updates claims fulfillment system 18.

[0262] Prior Step: 4.7.2 (Aggregate).

[0263] Input: Confirmation from claims fulfillment system 18 typically that a line item on an electronic bill is ready for settlement.

[0264] Activity: Insurer 10 issues an instruction (typically via secure transmission), typically to their bank, to release funds to supplier 16 for the value of the aggregated line items on the order, against contract.

Read in conjunction with the following Paragraphs [0262-0264], it is apparent that Paragraph [0261] is related to payment by an insurer, through the insurers bank, to a product supplier (supplier 16). Claim 4, however, does not relate to payment by an insurer, *i.e.*, the payor, to a supplier of goods, such as supplier 16, nor does it include any such elements. Claim 4 describes that a payment is received by a settlement processing entity, not a product supplier. If anything, Gittins describes that payment through a claims processing entity is bypassed, with payment being made directly from the insurer's bank to a supplier. Moreover, Applicant is likewise unable to find a description of this element in Horn. Consequently, Gittins and Horn, taken either alone or in combination, fail to describe all of the elements of claim 4, and therefore

the rejection of claim 4 under 35 U.S.C. § 103 is improper. Accordingly, Applicant respectfully requests that the rejection be withdrawn and claim 4 be allowed.

An additional aspect of the present invention as described in claim 6 is directed towards the second party providing a third party with details of the monetary settlement and a source for funding the monetary settlement. The Examiner acknowledges this deficiency in Gittins and asserts that Horn includes such an element. Specifically, the Examiner cites Horn Paragraphs [0084-0085]. Applicant respectfully submits that the Examiner misconstrues Horn in light of the claimed element. More specifically, Horn only describes a system for online resolution of disputes. Horn does not describe anything regarding finalizing settlement of the dispute or associated financial transactions. Moreover, the Examiner misinterprets the cited sections of Horn. Specifically, Paragraphs [0084-0085] relate to a mechanism for facilitating a party's signing up for use of a dispute resolution service, not to finalizing settlement of a dispute. Paragraph [0086] makes this clear by noting that, once a party has completed the steps described in the previous paragraphs (including Paragraphs [0085-0086]), the "party is notified that he has completed the registration process and the system displays a web page such as that displayed in FIG. 26 (showing successful registration and offering an options to begin the dispute resolution process). Nothing in Paragraphs [0084-0085] relate to the claimed element of the second party providing a third party with details of the monetary settlement and a source for funding the monetary settlement. Moreover, Applicant is unable to find any description in Horn of such an element. Consequently, Gittins or Horn, either taken alone or in combination, fail to describe all elements of claim 6, and therefore the rejection of claim 6 under 35 U.S.C. § 103 is improper.

Accordingly, Applicant respectfully requests that the rejection be withdrawn and claim 6 be allowed.

With respect to claim 7, an additional aspect of the present invention as described in this claim relates to the third party providing the first party with vouchers which, when combined with the amount, if any, of the funds transferred to the first party from the source of funding, exceed the full monetary amount of the settlement. The Examiner asserts that Gittins teaches such an element, citing Paragraph [0291], which reads:

[0291] In some embodiments of the present invention, claims fulfillment system 18 might provide only retail price information to claimant 14, but provide both retail and wholesale price information to insurer 10. However, the present invention is not limited to providing pricing information in this manner.

As noted previously, this paragraph only states that the claims fulfillment system might provide information to a claimant regarding the retail price of the goods selected in fulfillment of the claim, while providing both retail and wholesale pricing information to the insurer obligated to pay the claim. Applicant is unable to understand how this paragraph describes a step of the third party providing the first party with vouchers which, when combined with the amount, if any, of the funds transferred to the first party from a funding source, exceeds the monetary amount of the settlement. Moreover, Applicant is unable to find such an element elsewhere in Gittins or Horn. Consequently, Gittins and Horn, taken either alone or in combination, fail to describe all elements of claim 7, and therefore the rejection of claim 7 under 35 U.S.C. § 103 is improper. Accordingly, Applicant respectfully requests that the rejection be withdrawn and the claim be allowed.

With respect to claim 8, an additional aspect of the present invention as described in this claim relates to the funds withdrawn by the third party from the funding source being less than the funds transferred to the first party by an amount agreed upon by the first and second parties as a function of the amount of the vouchers. The Examiner asserts that Gittins teaches such an aspect, citing Paragraph [0261, 0264 and 0265], which read (including intervening paragraphs):

[0261] Step 4.7.3 Insurer 10 issues instruction to their bank for settlement of the electronic bill and updates claims fulfillment system 18.

[0262] Prior Step: 4.7.2 (Aggregate).

[0263] Input: Confirmation from claims fulfillment system 18 typically that a line item on an electronic bill is ready for settlement.

[0264] Activity: Insurer 10 issues an instruction (typically via secure transmission), typically to their bank, to release funds to supplier 16 for the value of the aggregated line items on the order, against contract.

[0265] Output: An instruction to release funds to supplier 16 is received, typically by the insurer's bank. The bank then releases the funds to supplier 16.

Applicant is unable to determine how these paragraphs describe such an element. Moreover, Applicant further notes that step 264, which describes an insurer issuing an instruction to their bank to release funds to a supplier 16 (of goods), for the value of the aggregated line items of the order, is clearly different from the present invention. More specifically, the payment being made in the present invention is not provided to a supplier or an equivalent, it is being made to the first party, unlike the description of Gittins which described payment to a supplier. Further, the cited section of Gittins says absolutely nothing about the funds withdrawn being less than the funds transferred to the first party by an amount agreed upon by the first and second parties as a function of the amount of the vouchers. Likewise,

Applicant is unable to find a description of such an element in Horn. Consequently, Gittins and Horn, taken either alone or in combination, fail to describe all elements of claim 8, and therefore the rejection of claim 8 under 35 U.S.C. § 103 is improper. Accordingly, Applicant requests that the rejection be withdrawn and claim 8 be allowed.

With respect to claims 9 and 10, an additional aspect of the present invention as described in these claims relates to the third party purchasing vouchers from the suppliers of goods and/or services at a discount from the face value of the vouchers. The Examiner asserts that Gittins teaches such an element, citing Gittins Paragraphs [0296 and 0313], which read:

[0296] As indicated above, various embodiments of the present invention relate to non-catalog products/services, on-catalog products/services and on-contract products. Generally, on-catalog products/services are those for which an exact match exists in a supplier catalog and for which there is a contract governing their procurement. By contrast, non-catalog products/services are those for which an exact match does not exist in a supplier catalog and for which there is no contract governing their procurement. On-contract products are products that exist in a supplier catalog (meaning a contract exists for their procurement) or a supplier with whom contract or discounted rates have been agreed.

[0313] Further, various embodiments of claims fulfillment system 18 can be used to improve additional aspects of claims fulfillment. For example, consider the motor repair industry. A large proportion of the motor repair industry's business comes from fulfilling insurance claims. With conventional fulfillment of insurance claims, insurers typically negotiate deals with either single repair shops (i.e., "suppliers"), or multiple repair consolidators, to control costs. These deals have squeezed the profits of the repair shops, with whom the insurers will insist give a discount if they want any business at all. At the same time the insurers are demanding a higher quality of repair which requires substantial investment by the repair shop in new machinery such as, for example, a paint-drying oven. As an example, after an investment by the repair shop which reduces a three hour process to a one hour process, the insurers' response would typically be to pay the repair shop for just one hour of labor. It is clear that if insurers want to continue to drive discounts in this area they cannot just keep squeezing the repair shops for a reduction in cost.

Paragraph [0296] merely states that an "on-contract" product is a product that is priced in a supplier catalog or a supplier with whom contract or discount rates have been agreed upon. It says nothing about vouchers for particular goods or services wherein the vouchers are purchased at a discount from face value. Likewise, Paragraph [0313] merely states that a settling party (*i.e.*, an insurance company) may pressure a third party supplier (such as an auto body repair shop) to cut costs in order to maintain the settling party's business. Moreover, as noted previously, the last sentence of [Para. 0313] suggests that such a practice is undesirable - "[insurance companies] cannot just keep squeezing the repair shops" to drive down costs. For at least these reasons, Gittins fails to describe this element of the present invention. Likewise, Applicant is unable to find any description of such an element in Horn. Consequently, Gittins and Horn, taken either alone or in combination, fail to describe all elements of claim 9 and 10, and therefore the rejections of claim 9 and 10 under 35 U.S.C. § 103 are improper. Accordingly, Applicant requests that the rejections be withdrawn and claims 9 and 10 be allowed.

New Claims

Applicant has added new claims 16-27 to correct the multiple dependency issues raised by the Examiner and add new claims directed to additional aspects of the invention as described in the specification and figures. For at least the reasons described above, Applicant believes that these additional claims are also patentable, and therefore requests that claims 16-27 also be allowed.

Concluding Comments

It is believed that all of the pending claims have been addressed in this paper. However, failure to address a specific rejection, issue, or comment does not signify agreement with or concession of that rejection, issue, or comment. In addition, because the arguments made are not intended to be exhaustive, there may be reasons for patentability of any or all pending claims (or other claims, including any cancelled claims) that have not been expressed. Finally, nothing in this paper should be construed as an intent to concede any issue with regard to any claim except as specifically stated in this paper.

Applicant respectfully requests consideration of the remarks herein prior to further examination of the above-identified application. The undersigned would of course be available to discuss the present application with the Examiner if, in the opinion of the Examiner, such a discussion could lead to resolution of any outstanding issues.

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